



Supplemental Retirement Plan

Build the Retirement You Want with SDRS' Personal Savings Plan

PERSONAL SAVINGS YIELDS ADDITIONAL INCOME IN RETIREMENT

From increasing life expectancies to rising health care costs, many factors combine to make personal savings a vital part of every retirement plan. As a supplement to Social Security and SDRS benefits, personal savings offer additional financial security. But for many, saving seems like a luxury they can't afford, investing a puzzle they don't have time to solve.

SDRS makes saving affordable and easy with its tax-deferred personal savings plan, the Supplemental Retirement Plan (SDRS-SRP).

Why Save for Retirement?

The SDRS retirement benefit, combined with Social Security, replaces 70 to 85 percent of income for most career members. But there are many reasons members may still need extra income in retirement:

- to provide a cushion in case of emergencies
- to pay for travel, gifts, education, hobbies, a vacation home or other purchases
- to offer a hedge against inflation and rising health care costs



UNDERSTANDING THE SDRS SUPPLEMENTAL RETIREMENT PLAN

YOU CONTROL YOUR SDRS-SRP ACCOUNT

How much will you contribute each month? How will the funds be invested? That's up to you. With the SDRS-SRP, you decide how much to save, select your investment options, keep track of earnings, and choose how to withdraw funds for retirement.

When you enroll in the SDRS Supplemental Retirement Plan, you'll establish a personal savings account. Each pay period, your savings will be automatically withheld from your paycheck and deposited into your SDRS-SRP account. The SDRS-SRP will invest your funds according to your direction, and contributions and earnings will accumulate tax-deferred until you withdraw the money in retirement.

Fees are low compared to those of similar programs. And SDRS makes personal retirement consultants available at no cost to help members develop individual plans for achieving their retirement savings goals.



Save Even More With the SDRS-SRP's Low Fees

The SDRS-SRP has very competitive fees compared to other investment plans. Each month, participants pay only a portion of the annual asset fee of .26% (\$0.26 per \$100), based on the assets they have in the plan. These charges are in addition to the internal management fees assessed by the companies providing investment alternatives under the program. To find out the fees for a specific fund, review that fund's prospectus on the SDRS-SRP Web site.

YOU MAKE YOUR OWN INVESTMENT DECISIONS

As an SDRS-SRP participant, you can choose from more than two dozen different investment options selected by the South Dakota Investment Council, the same body that manages the SDRS Trust Fund.

You can change how your funds are invested at any time, subject to restrictions set by the individual funds.

What Kind of Investor Are You?

Do you like to take risks or prefer to play it safe? The SDRS-SRP investment options suit a range of risk tolerances, from aggressive to conservative. For help determining your investment risk tolerance, take a quiz available through the SDRS-SRP Web site, www.srp457.com.

Diversify Your Portfolio

To diversify your investment portfolio, you can allocate the dollars in your SDRS-SRP account to a variety of investment products, such as mutual funds, bonds and money market funds. Descriptions of investment options are available by calling the SDRS-SRP office or visiting the SDRS-SRP Web site.

How Are Your Funds Performing?

You can monitor your investments' performance via quarterly statements, the SDRS-SRP Web site, www.srp457.com, and the plan's automated phone system (1-800-959-4457).

YOU SAVE TO SUIT YOUR BUDGET

How much do you need to save to fund your retirement dreams? How much can you afford to save right now? With the SDRS-SRP, your goals, budget and investing preferences determine the amount of your monthly contribution.

To provide all members with the opportunity to begin saving for retirement, flexible contribution amounts let you choose how much to put aside. The minimum contribution is just \$25 a month, or \$300 per year. For members under age 50, the maximum contribution is \$15,500 per year.

A requirement of participation, automatic withholding of contributions makes saving easy and eliminates the temptation to spend the money elsewhere. Most participants quickly adjust to their new paycheck amounts and don't miss the amount of the contribution.

Changing Your Contribution Amount

You can increase or decrease the amount of your SDRS-SRP contribution at any time, subject to employer restrictions and federal limits. You can also stop contributions at any time.

Contribute More as You Near Retirement

Under the age 50 catch-up provision, participants age 50 and older can save an additional \$5,000 per year (for 2008). Under the three-year catch-up provision, participants within three years of normal retirement age who have not contributed the maximum contribution in the past may be eligible to contribute up to twice the normal deferral limit in the three consecutive calendar years preceding retirement. For 2008, that amount is \$31,000.

SDRS-SRP Complements Your Other Savings Plans

Are you currently contributing to another retirement account? The SDRS-SRP contribution maximum is not affected by contributions made to non-457(b) plans such as 401(k) plans, 403(b) plans, and traditional and Roth IRAs. However, if you contribute to other 457(b) plans, the maximum applies to the annual total of all your 457(b) plan contributions.

You can roll over funds from other qualifying retirement plans, such as IRAs and 401(k) and 403(b) plans, into the SDRS-SRP. Doing so provides the convenience of having the funds in one place, under one account, and lets you take full advantage of the SDRS-SRP's low fees.

Tax-Deferred Means Tax-Saving

You'll pay less income tax as soon as you begin contributing to the SDRS-SRP. Upon your authorization, SDRS-SRP contributions will be withheld from your paychecks before taxes are taken out, reducing the taxable amount of the paycheck. Because the SDRS-SRP is a tax-deferred savings program, you'll pay no taxes on contributions or investment earnings until you withdraw funds.

SDRS-SRP Offers Free Financial Advice

Not sure how much to save? Need help choosing investment options? Want to develop a comprehensive financial plan?

Call an SDRS-SRP retirement specialist or arrange a meeting with a personal retirement consultant. The services of these knowledgeable professionals are available to SDRS members free of charge.



YOU CHOOSE HOW TO WITHDRAW FUNDS

When you leave employment or retire, you will have several distribution options to choose from:

- Take out SDRS-SRP savings as a lump sum or partial lump sum.
- Receive a fixed dollar amount monthly until funds are depleted.
- Receive a percentage of the fund paid over a fixed time period.
- Draw a monthly lifetime annuity.
- Roll over funds into another plan.
- Leave money invested in the SDRS-SRP until April 1 of the year after you turn 70-1/2 or leave employment, whichever is later; at this point the IRS requires that you take the required minimum distribution.

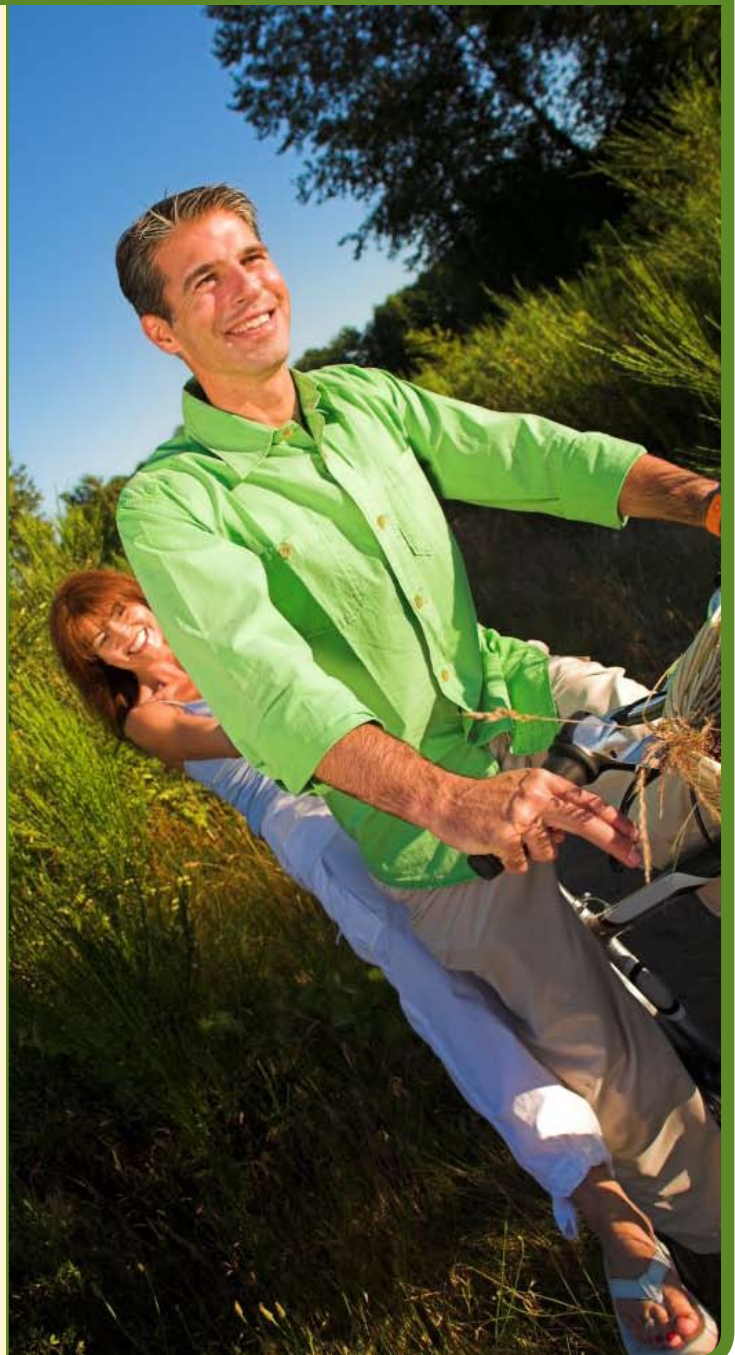
Funds withdrawn from a 457(b) plan are subject to federal income tax. Because you will likely be in a lower tax bracket when you withdraw funds in retirement, you will probably pay less tax on the money.

Before Retirement

You may be able to use SDRS-SRP funds to purchase additional credited service. Doing so incurs no withdrawal penalty; contact the SDRS-SRP office to arrange a transfer of program funds to SDRS.

You can withdraw your SDRS-SRP funds before retirement only under certain circumstances:

- if you experience an unforeseeable emergency as defined by the IRS and approved by SDRS
- a one-time withdrawal, provided the balance is under \$5,000 and you have not made contributions to your account for at least two years and you have made no prior withdrawals



Contact Us to Start Saving Today

For more information or to set up an SDRS-SRP account, contact the SDRS-SRP office:

- Call toll-free, 1-800-959-4457, or locally, (605) 224-2230
- Visit the SDRS-SRP office, now located in the SDRS building:
222 E. Capitol Avenue, Suite 8, Pierre, SD
- Visit the SDRS-SRP Web site: www.srp457.com.

